

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services	(2) MEETING DATE 8/28/2012	(3) CONTACT/PHONE Katie Perez, GSA Deputy Director 805-781-5200	
(4) SUBJECT This item requests the Board to take several actions necessary to access state funding for the Women's Jail Expansion project and also to complete design and engineering for the project. The requested actions include: 1) adoption of two Resolutions; 2) approval of three agreements with the State (Clerk's File); 3) approval of a Grant of Easement granting the State access to the site; 4) approval of revised 30 year estimate of Women's Jail operational costs 5) approval of a Second Amendment to the Contract for Consultant Services for design, engineering and related services for the project; 6) authorization for the General Services Agency Director to approve all future minor and incidental Agreements or documents for the Women's Jail Expansion project. District 2			
(5) RECOMMENDED ACTION General Services recommends your Board: <ol style="list-style-type: none"> 1. Accept a revised 30-Year estimate of projected operational costs for the Women's Jail Expansion project. 2. Re-Adopt a Resolution confirming the full legal right and power of the Board of Supervisors to enter into a Ground Lease with the Department of Corrections and Rehabilitation of the State of California and to carry out and consummate all transactions contemplated by the Ground Lease. 3. Approve and instruct the Chairperson to sign and date a revised, Ground Lease Agreement, Right Of Entry For Construction Agreement, and Easement Agreement For Grants Of Access, Utilities And Repairs (Clerk's File) with the Department of Corrections and Rehabilitation of the State of California. (Clerk's File) 4. Approve and instruct the Chairperson to sign a Grant Of Easement - Utility Transmission Facilities with the State of California Department of General Services and the Resolution Accepting the Easement Quitclaim Deed. 5. Approve and instruct the Chairperson to sign a Second Amendment to the Contract for Consultant Services with AECOM Technical Services, Inc. that increase change order limits to the Contract. 6. Authorize the General Services Agency Director to approve all future minor and incidental Agreements or documents associated with the Women's Jail Expansion project. 			
(6) FUNDING SOURCE(S) State Lease Revenue Bonds: \$25.1 million County Funds (from reserves): \$10 million In-Kind Match: \$1.3 million	(7) CURRENT YEAR FINANCIAL IMPACT \$1.8 million	(8) ANNUAL FINANCIAL IMPACT The on-going staff and operational cost is estimated to be \$3.5 million beginning in year 1 (FY 2013-14 or FY 2014-15)	(9) BUDGETED? Yes Approximately \$3.9 million is budgeted. The rest is designated in reserves.
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) NA		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: NA <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Dates 07/18/2006; 07/17/2007; 12/04/2007; 01/29/2008; 03/11/2008; 09/21/2010; 02/22/2011; 12/13/2011; 04/10/2012; 06/19/2012	
(17) ADMINISTRATIVE OFFICE REVIEW Vincent Morici			
(18) SUPERVISOR DISTRICT(S) District 2 -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Katie Perez, General Services, Deputy Director
805-781-5200

DATE: 8/28/2012

SUBJECT: This item requests the Board to take several actions necessary to access state funding for the Women's Jail Expansion project and also to complete design and engineering work for the project. The requested actions include: 1) adoption of two Resolutions; 2) approval of three agreements with the State; 3) approval of a Grant of Easement granting the State access to the site; 4) approval of revised 30 year estimate of Women's Jail operational costs 5) approval of a Second Amendment to the Contract for Consultant Services for design, engineering and related services for the project; 6) authorization for the General Services Agency Director to approve all future minor and incidental Agreements or documents for the Women's Jail Expansion project; District 2.

RECOMMENDATION

General Services recommends your Board:

1. Accept a revised 30-Year estimate of projected operational costs for the Women's Jail Expansion project.
2. Re-Adopt a Resolution confirming the full legal right and power of the Board of Supervisors to enter into a Ground Lease with the Department of Corrections and Rehabilitation of the State of California and to carry out and consummate all transactions contemplated by the Ground Lease.
3. Re-Approve and instruct the Chairperson to sign a date revised, Ground Lease Agreement, Right Of Entry For Construction Agreement, and Easement Agreement For Grants Of Access, Utilities And Repairs (Clerk's File) with the Department of Corrections and Rehabilitation of the State of California.
4. Approve and instruct the Chairperson to sign a Grant Of Easement - Utility Transmission Facilities with the State of California Department of General Services and the Resolution Accepting the Easement Quitclaim Deed.
5. Approve and instruct the Chairperson to sign a Second Amendment to the Contract for Consultant Services with AECOM Technical Services, Inc. that increase change order limits to the Contract.
6. Authorize the General Services Agency Director to approve all future minor and incidental amendments to Agreements or documents associated with the Women's Jail Expansion project.

DISCUSSION

Background

Six action items are submitted to your Board and recommended for approval for the Women's Jail Expansion project. They are the result of an active multi-year effort to fulfill State requirements that will ultimately permit the County to receive a \$25.1 million AB 900 State Grant.

The first three items are presented to your Board for re-approval in response to recommendations by staff at several State agencies. They include revisions to 30-Year operational cost estimate, previously approved by your Board on April 10, 2012, and a Resolution and three (3) legal Agreements previously approved by your Board on June 19, 2012. Review of

the documents by State agencies, resulted in a request for revisions to the original cost estimate with supporting material. The request also included revised dates to the three Agreements. The basis of the revisions to the documents is discussed later in the Board letter. The final three items are new and submitted to your Board for approval.

Project Status

The processing of legal Agreements, cost estimates, and other documents associated with the AB 900 State Grant award of \$25.1 million to the County are moving forward. State agencies and legal staff have worked jointly with County staff to review reports, cost estimates, project development documents, and complex legal Agreements. Upon execution of the Agreements by the County, the documents will be scheduled for hearings with the State Public Works Board and State Pooled Money Investment Board. After all documents and Agreements are approved by the State, the County will be granted approval to advertise the proposed Women's Jail Expansion project for public bids.

Current Request and Explanation of Changes to April 10, 2012 and June 19, 2012 Board Letter Documents

- (1) On April 10, 2012, General Services and the Sheriff provided an estimate of projected 30-Year staffing and operational costs for the proposed project to your Board. A more detailed review by State staff identified the need to revise the 30-Year operational cost estimate. The revised estimate resulted in the addition of a Services and Supplies operational cost category not included in the original estimate. It also resulted in the requirement for inclusion of 3% annual inflation factor to be added to three of the four cost categories. Lastly, calculation errors in the original operational cost estimate required changes to 30 year estimated costs for staffing (decreased), utilities (increased) and maintenance (increased). Your Board is requested to accept the revised 30-Year cost estimate for the estimated operational costs of the facility expansion as shown in the Financial Considerations section of this report.
- (2) On June 19, 2012, your Board adopted a formal Resolution to confirm the full legal right and power of the Board of Supervisors to enter into the Ground Lease Agreement, with the Department of Corrections and Rehabilitation of the State of California. Due to a date change initiated by the State, to the Ground Lease Agreement, your Board is requested to re-adopt the Resolution.
- (3) On June 19, 2012, your Board approved a Ground Lease Agreement, Right of Entry for Construction Agreement, and Easement Agreement For Grants of Access, Utilities And Repairs (Clerk's File) with the Department of Corrections and Rehabilitation of the State of California. The dates on the Agreements were changed from August 13, 2012 to September 11, 2012 by the State Office of Legal Affairs. No other material changes to the documents were made. The date change occurred because a required Grant of Easement – Utility Transmission Facilities and a Resolution Accepting the Easement Quitclaim Deed, had not been finalized due to delays by State staff. As a result, the Agreements could not be scheduled for a State Public Works Board hearing on August 13, 2012. Your Board is requested to re-approve all three (3) Agreements with the revised date.
- (4) Your Board is requested to approve a Grant of Easement – Utility Transmission Facilities with the State of California Department of General Services and a Resolution Accepting the Easement Quitclaim Deed. The Easement grants approval of a perpetual pole line easement to the California Military Department for the purpose of repair and maintenance of communication and power lines. The Quitclaim Deed relinquishes an easement granted to the State by the County on August 8, 1968 as this easement is no longer needed by the State of California.

Action on requests (1) through (4) are necessary components prior to the State Public Works Board meeting on September 11, 2012 and for future sale of State bonds that will provide the State's share of funding for this project.

- (5) Your Board is requested to approve a Second Amendment to the Contract for Consultant Services with AECOM Technical Services Inc. for architectural services to program, design and develop construction documents for the Women's Jail Expansion project. The original contract with AECOM Technical Services, Inc. (then known as DMJM H+N) was authorized in 2006 and incorporated the change order policy in effect at that time. This amendment will increase the maximum change order limit for additional consultant services from the 2006 change order policy level of \$5,000 or 10% (\$129,000), to the 2010 change order policy level of \$25,000 or 25% (\$322,500) of the original Contract amount of \$1,290,000. Current change order authorizations by General Services to the Contract with AECOM Technical Services, Inc. total \$127,400, approaching the 2006 limit of

\$129,000. It is estimated \$60,000 in new proposed change orders may be submitted by the consultant under the present contract. Approval of the Second Amendment aligns the contract with current practice and policy, allowing the project to progress without unnecessary interruption.

- (6) Your Board is requested to authorize the General Services Agency Director to approve all future minor and incidental Agreements or documents associated with the Women's Jail Expansion project. Any item brought for future authorization that has major cost or other significant impact will be brought to your Board for approval.

OTHER AGENCY INVOLVEMENT/IMPACT

The County Administrative Office, County Counsel, General Services Agency, and the Sheriff's Office continue to work with the California Board of State and Community Corrections (formerly Corrections Standards Authority), California Department of Corrections and Rehabilitation, State Department of General Services Real Estate Division, and State Department of Finance to facilitate the project and grant funding. The County has worked with the Environmental Division of Planning & Building, California Department of Fish and Game, Regional Water Quality Control Board, Army Corps of Engineers, Air Pollution Control District and the California Department of Forestry and Fire Protection during the environmental review period.

FINANCIAL CONSIDERATIONS

State Required Operational Cost Estimate as of April 10, 2012:

The AB 900 State Grant award requires a 30-Year estimate total of operational and staffing costs for the proposed facility expansion be approved by your Board. On April 10, 2012 a 30-Year projected operational and staffing cost estimate total of \$86,408,040 was presented to your Board. The original total cost estimate outline previously submitted to your Board is as follows:

- Staffing costs were estimated to be \$82,763,040 for twenty-four (24) dedicated staff which includes correctional deputies, a correctional sergeant and support staff.

The existing Women's Jail currently has twelve (12) dedicated staff. Twelve (12) additional staff will be required to run the larger facility. Ten (10) of these additional staff have already been funded through AB 109. The \$82.7 million figure above was comprised of \$43,825,082 associated with the continuation of existing staff and \$38,937,958 was associated with the additional staff required to run the expanded Women's Jail. Of this additional funding, \$32,579,884 is funded with AB 109 funding. The remaining \$6,358,074 for two (2) positions is the amount of additional cost and funding necessary to staff the Women's Jail over the thirty year operational time frame.

- Utility costs were estimated to be \$1,182,000.
- Maintenance costs were estimated to be \$2,463,000.

Revised State Required Operational Cost Estimate as of August 28, 2012:

The State reviewed the original operational cost estimate total of \$86,408,040 approved by your Board on April 10, 2012. It was determined the cost estimate did not completely reflect State guidelines. County staff was advised by State staff to revise the 30-Year estimate and resubmit the revised estimate total to your Board for review and acceptance. The revised 30-Year operational cost estimate total is \$125,840,178, an increase of \$39,432,148 over the original estimate.

The State review of the original operational estimate noted that a Services and Supplies cost category, with an annual 3% inflation factor, was not included in the original 30-Year estimate. The addition of the Services and Supplies cost category added approximately \$24.5 million to 30 year cost estimate. In addition, some of the increased costs in the revised cost estimate were the result of errors made on various cost assumptions and calculations in the original operational cost estimate. This revision aligns the 30-Year estimate with State requirements. The revised cost estimate submitted to your Board for approval is as follows:

- Staffing Costs are estimated to be \$82,088,103 for the twenty-four (24) dedicated staff over thirty (30) years. Twelve (12) of these are existing staff, and twelve (12) are additional required staff. This estimate is a reduction

of \$674,937 from the original estimate provided on April 10, 2012. A prior calculation error appears to be the cause of the variation. These costs include retirements and step increases as new staff are incorporated in lieu of a 3% per year inflation factor.

- Sheriff Services and Supplies are estimated to be \$24,505,526 over thirty (30) years. This cost was **not** included in the original 30-Year estimate provided on April 10, 2012. At State direction, this element is now included in the 30-Year estimate. This estimate is based on an assumption of 196 beds with 80% occupancy, 365 days per year at an average cost of \$9/day, for a base year cost of \$515,088. Each subsequent year has an annual 3% inflationary factor included in the estimate.
- Utility costs are estimated to be \$12,191,686 over thirty (30) years, based on current per square foot factor in Utility Manager Software used by the County. Current facility costs average \$5.53/Sq.Ft. for the base year multiplied by total existing square footage of 46,620. The base year cost is estimated at \$256,260. Each subsequent year has an annual 3% inflationary factor included in the estimate. The original estimate used an incorrect per cost per square foot resulting in the underestimation of utility costs. In addition, the original cost did not include an annual 3% inflation factor.
- Maintenance costs were estimated to be \$7,054,863 over thirty (30) years based on SAP (County financial system) annual costs. Current facility costs average \$3.20/Sq.Ft. for the base year multiplied by net square footage of 46,620. The base year cost is estimated at \$148,288. Each subsequent year has an annual 3% inflationary factor included in the estimate. The original estimate used an incorrect per cost per square foot resulting in the underestimation of maintenance costs. In addition, the original cost did not include an annual 3% inflation factor.

See the Summary of the Revised Operational Cost Estimate in Table No. 1 that illustrates the revised operational cost projections for the new Women's Jail Expansion project. See Table No. 2 for a 30-Yr. Total Comparison of Existing and New Women's Jail Operational Costs that illustrates the total operational cost impact of the new Women's Jail Expansion project.

TABLE NO. 1 - REVISED 30-YEAR COST ESTIMATE SUMMARY TABLE NO. 1

Sheriff's Office Cost	Year 1 Cost	Original 30-Year Cost Estimate	Revised 30-Year Cost Estimate	Variance
Salaries & Benefits	\$2,701,776	\$82,763,040	\$82,088,103	(\$674,937)
Services & Supplies	\$515,088	-	\$24,505,526	\$24,505,526
Utilities	\$256,260	\$1,182,000	\$12,191,686	\$11,009,686
Maintenance	\$148,288	\$2,463,000	\$7,054,863	\$4,591,863
Total Facility Cost	\$3,621,412	\$86,408,040	\$125,840,178	\$39,432,138

Summary of the Revised 30-Year Estimate:

- The Salaries & Benefits line item cost reduction is the result of a prior calculation error.
- The Services & Supplies line item cost with a 3% annual inflation factor was not included in the original estimate.
- The Utilities line item cost increased due to a calculation error that underestimated the Utility costs and did not include an annual 3% inflation factor.
- The Maintenance line item cost increased due to a calculation error that underestimated the Maintenance costs and did not include an annual 3% inflation factor.

TABLE NO. 2 – 30-YR. TOTAL COMPARISON OF EXISTING AND NEW WOMEN'S JAIL OPERATIONAL COSTS

Sheriff's Office Cost	30-Year Total of Existing Women's Jail Costs	30-Year Total of New Women's Jail Costs	Revised Total of 30-Year Existing/New Women's Jail Costs
Salaries & Benefits	\$43,825,082	\$38,263,021	\$82,088,103
Services & Supplies	\$15,628,524	\$8,877,002	\$24,505,526
Utilities	\$1,978,452	\$10,213,234	\$12,191,686
Maintenance	\$1,144,855	\$5,910,008	\$7,054,863
Total Facility Cost	\$62,576,913	\$63,263,265	\$125,840,178

If the County does not construct the Women's Jail Expansion, the total 30-Year estimate of ongoing operational costs for the current Women's Jail is \$62,576,913. If the Women's Jail Expansion is constructed, the revised 30-Year total of estimated operational costs is \$125,840,178. The area of the existing Women's Jail is 7,520 square feet and is proposed to be demolished to make room for the new Women's Jail Expansion. Upon completion of the new construction the total area of the new Women's Jail, including a new medical clinic will be 46,640 square feet. As a result of a very innovative architectural design of the jail expansion, the Sheriff acquires a much larger facility than a more conventional design could have achieved.

Consultant Services Contract:

General Services is recommending approval of the Second Amendment to the Consultant Services Contract with AECOM Technical Services, Inc. to align this contract with the 2010, Contracting for Services Policy which was approved by your Board April 27, 2010. This policy states Service Contract Change Order or aggregate of multiple Change Orders within the original scope of work for any services contract shall be limited to 25% of the original contract amount or \$25,000, whichever is greater. Change orders can be approved by the department head responsible for the contract. The Change Order is intended to address unforeseen or unexpected expenses and is not intended for changes in scope of work. Changes to the contract not subject to a change order must be done by a written amendment.

RESULTS

The adopted Resolution is required in order for the State of California to sell bonds to fund State Grant AB 900 for the Women's Jail Expansion project. The fully executed Ground Lease Agreement, Right of Entry for Construction Agreement, and Easement Agreement For Grants Of Access, Utilities And Repairs, Grant Of Easement – Utility Transmission Facilities, Resolution Accepting the Quitclaim Deed, and Revised 30-Year estimate of projected operational costs are required by the State of California as a condition of the AB 900 Grant award. The Second Amendment to the Contract For Consultant Services would adopt current Board Policy concerning change order limits to the Original Consultant Services Contract with AECOM Technical Services, Inc.

Upon completion of the Women's Jail Expansion project, the total rated capacity of the facility will be 196 beds. The new facility will alleviate overcrowding conditions and provide inmate capacity for the future. It will also provide improved medical facilities for both men and women inmates, additional space for rehabilitation programs, inmate counseling and education. The proposed facility improvements included in the expansion project will contribute to a safer community, help reduce maintenance/repair costs and improve jail security.

ATTACHMENTS

1. Vicinity Map
2. 082812 Attachment A Chronology of Board Action
3. 082812 Revised Ground Lease Agreement (Clerk's File)
4. 082812 Revised ROE for Construction Agreement (Clerk's File)

5. 082812 Revised Easement Agreement for Grants of Access, Utilities and Repairs (Clerk's File)
6. 082812 Resolution Accepting Easement Quitclaim Deed
7. 082812 Revised Ground Lease Resolution
8. AECOM Contract Amendment 2